



INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
MAYTAS METRO LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **MAYTAS METRO LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

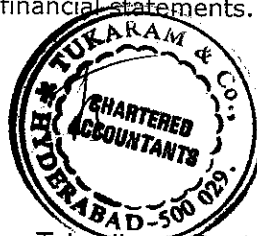
Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Opinion

I. Basis for qualified opinion

- (a) The company was incorporated with the primary objective to undertake the designing, building, development, financing, engineering, procurement, construction, operation, maintenance and transfer of a mass rapid transit system (MRTS) from LB Nagar to Miyapur, Jubilee bus station to Falaknuma and Nagole to Shilparamam Corridors in Hyderabad in the state of Andhra Pradesh which was awarded by the State Government.

The assumption of the "Going Concern" of the Company as per AS - 1 "Disclosure of Accounting Policies" will be affected as The Government of Andhra Pradesh has terminated the above said Contract.

- (b) ***The Government of Andhra Pradesh has en cashed the performance bank Guarantee issued by the Company for Rs. 60 crores as the company failed to achieve the Financial Closure within Stipulated Period as per concession Agreement. However the company is still showing the same as receivables from the government as the litigation is pending.***
- (c) ***As the litigation is pending, we are unable to comment on the financial impact with respect to rights and obligations of concession agreement against the company.***
- (d) ***The balances of sundry debtors, creditors, loans and advances, other receivables and other payables being subject to confirmation and reconciliation resulting in the balances as per books of account not verified by us. The consequent necessary adjustments, either of a revenue nature or otherwise if any, upon which we are unable to comment at this stage, will be made in the year they are finally settled with the parties.***

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, ***except for the possible effects of the matters described above in the Basis for Qualified Opinion*** paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its cash flows for the year ended on that date

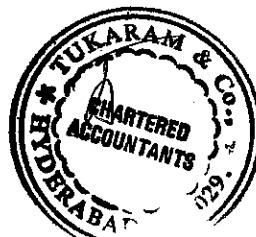
Emphasis Of Matters:

We draw attention to the following matters in the Notes to the financial statements:

The company has not accounted dues payable by the company, if any, under certain agreements/contracts pending ascertainment of services rendered/value received.


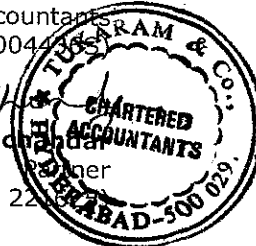
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) Except for the effects of the matter described in the basis for qualified opinion paragraph above, In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The matter described in the Basis for Qualified Opinion paragraph with respect to Accounting Standard - 1 as mentioned above, in our Opinion, may have an adverse effect of the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company had disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note - 1 to the Financial Statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Hyderabad, 21st May, 2015

For **TUKARAM & CO**
Chartered Accountants
(FRN: 0044388)

J Poornachandra
Partner
(Membership No. 22...)


ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

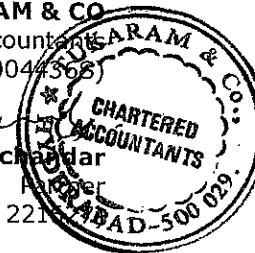
- i. There are no fixed assets as on Balance sheet date.
- ii. There are no Inventories as on the Balance Sheet date. Hence the provisions of the Clause 3(ii) of the order not applicable to the company.
- iii. The Company has not granted any loans secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company's operations was discontinued, accordingly the provisions of the Clause 3(iv) of the order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- vi. To the best of our knowledge, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act in respect of the nature of business carried on by the Company.
- vii. According to the information and explanations given to us in respect of statutory dues, the company's operations was discontinued, accordingly the provisions of the Clause 3(vii) of the order are not applicable to the Company.
- viii. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, debenture holders and financial institutions.
- x. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- xi. In our opinion and according to the information and explanations given to us, no fresh term loans have been obtained by the company, accordingly the provisions of clause 3(xi) of the Order are not applicable to the Company.
- xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

Hyderabad, 21st May, 2015

For **TUKARAM & CO**
Chartered Accountants
(FRN: 0047568)

J Poornachandrar
J Poornachandrar

(Membership No. 22154AD-500 029)



MAYTAS METRO LIMITED

Balance sheet as at March 31, 2015

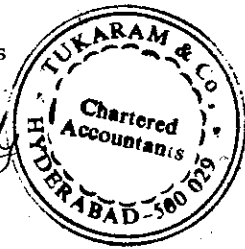
Particulars	Notes	March 31, 2015 Rupees	March 31, 2014 Rupees
Equity and liabilities			
Shareholder's Funds			
Share capital	3	500,010	500,010
Current liabilities			
Trade payables	4	3,043,397	3,043,397
Other liabilities		748,888,244	748,856,471
		752,431,651	752,399,878
Non-current assets			
Caital work-in-progress	5	152,223,596	152,191,823
Long Term Loans & Advances	6	600,208,055	600,208,055
		752,431,651	752,399,878
Summary of Significant accounting policies and notes on accounts	2		

Notes 1 to 20 form an integral part of the financial statements

As per our report of even date

For Tukaram & Co
Chartered Accountants
Firm Reg. No. 004436S

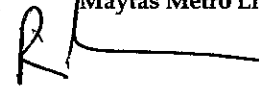
J. Poorna Chandar
M.No. 221627



Place: Hyderabad

Date: 21/05/15

For and on behalf of the Board of Directors
Maytas Metro Limited


Rajeev Khanna
Director


Mukesh Sharma
Director

Place: Hyderabad

Date:



Maytas Metro Limited
 Cash flow statement for the year ended March 31, 2015
 (All amounts in Indian rupees unless otherwise stated)

	For the period ended March 31,2015	For the period ended March 31,2014
A. Cash flow from operating activities		
Net profit before taxation	-	-
<i>Adjustments</i>		
Provision For Taxes	-	-
Operating profit before working capital changes	-	-
Movements in working capital :		
Decrease / (Increase) in loans and advances	-	-
Increase / (Decrease) in Non current liabilities	31,773	57,490
Cash generated from operations	31,773	57,490
Net cash from operating activities (A)	31,773	57,490
B. Cash flows from investing activities		
(Increase)/Decrease in Capital Work in Progress	(31,773)	(57,490)
Net cash from investing activities (B)	(31,773)	(57,490)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	-	-
Net cash used in financing activities (C)	-	-
Net increase/(Decrease) in cash and cash equivalents (A + B + C)	-	-
Cash and cash equivalents as at opening of the period	-	-
Cash and cash equivalents as at closing of the period	-	-

Notes to the Cash Flow Statement

Cash and Cash equivalents include :

Cash and bank balances considered for cash flow	-	-
Fixed Deposit Accounts considered as investments	-	-
Cash and Cash Equivalents as per Balance Sheet	-	-

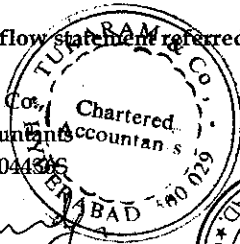
This is the cashflow statement referred in our report of even date.

For Tukaram & Co.,
 Chartered Accountants
 Firm Reg. No. 0044306





J. Poorna Chandar
 M.No. 221627

Place: Hyderabad
 Date: 21/05/15



For and on behalf of the Board of Directors of
 Maytas Metro Limited


 Rajeev Khanna
 Director


 Mukesh Sharma
 Director



MAYTAS METRO LIMITED

Notes to financial statements for the year ended March 31, 2015

	March 31, 2015	March 31, 2014
3 Share capital		
Authorized		
10,00,000 (March 31, 2014 : 1,000,000) Equity shares of Rs. 10 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid up		
50,001 (March 31, 2014 : 50,001) Equity shares of Rs. 10 each fully paid up	500,010	500,010
	<u>500,010</u>	<u>500,010</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	March 31, 2015		March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	50,001	500,010	50,001	500,010
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>50,001</u>	<u>500,010</u>	<u>50,001</u>	<u>500,010</u>

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the shareholders.

(c) List of shareholders holding more than 5% shares in the company:

Equity Shares of Rs. 10 each

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
IL&FS Engineering and Construction Company Limited	50,000	99.99%	50,000	99.99%

4 Current Liabilities

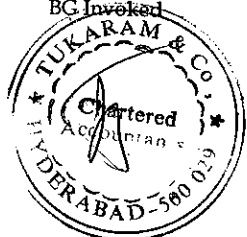
	March 31, 2015	March 31, 2014
Trade payables	3,043,397	3,043,397
Other liabilities		
IL&FS Engineering construction Ltd.	748,888,244	748,856,471
Audit fee payable	748,877,008	748,800,291
	11,236	56,180
	<u>751,931,641</u>	<u>751,899,868</u>

5 Capital work-in-progress

	March 31, 2015	March 31, 2014
Opening balance		
Add: Spent during the year	152,191,823	152,114,713
Rates & Taxes		
Audit Fee	20,537	1,310
Doubtful Advances write off	11,236	56,180
	-	19,620
	<u>152,223,596</u>	<u>152,191,823</u>

6 Loans & Advances

	March 31, 2015	March 31, 2014
(Unsecured, Considered good)		
Advance recoverable in cash or in kind		
Advances for Expenses		
Heartworks	8,055	8,055
BC Invoked	200,000	200,000
	600,000,000	600,000,000
	<u>600,208,055</u>	<u>600,208,055</u>



MAYTAS METRO LIMITED

Notes annexed to and forming part of the accounts for the year ended March 31, 2015
(All amounts in Rs. Crore except for share data or as otherwise stated)

1. Background

Maytas Metro Limited ('MML' or 'the Company') was incorporated in India on September 09, 2008 under the Companies Act, 1956, as a private limited company which was subsequently converted into public limited company vide resolution passed in Extra-ordinary General Meeting held on September 11, 2008.

The company was promoted on the consortium of a) IL&FS Engineering and Construction Company Limited (formerly known as Maytas Infra Ltd.) b) Nava Bharat Ventures Ltd. c) Italian-Thai Development Public Company Ltd., Thailand; and d) Infrastructure Leasing & Financial Services Ltd and the Company was awarded with the MRTS Project by GoAP. The project involves the designing, building, development, financing, engineering, procurement, construction, operation, maintenance and transfer of a mass rapid transit system (MRTS) from LB Nagar to Miyapur, Jubilee Bus Station to Falaknuma and Nagole to Shilparamam Corridors.

However, due to the adverse developments resulting from Satyam episode, the company could not provide the Performance guarantee of Rs. 240 and achieve Financial Closure within the stipulated time.

Consequently, the State Government terminated the contract without giving the mandatory notice period; vide GO MS No. 430 dt. 07-07-2009 and encashed the Bid Guarantee of Rs. 60 and also forfeited the first installment of the Concession Fee of Rs. 11.

Aggrieved by the unilateral decision of the State Government, the Company filed a Writ Petition No. 15124/2009 in the High Court of Andhra Pradesh praying the Hon'ble High Court to

- a) To issue a "Writ of Mandamus" or any other appropriate writ, order or direction declaring the action of the GoAP in seeking to cancel and terminate the concession agreement and the consequent issue of a fresh notice inviting RFQs as illegal, arbitrary, and set aside the same and direct the respondents to restore status quo ante.
- b) It is further prayed that this Hon'ble Court may be pleased to stay all further proceedings pursuant to Bid Notice inviting Request for Qualification application pending the disposal of the writ petition and pass such other order or orders as this Hon'ble Court may deem fit and proper in the circumstances of the case.

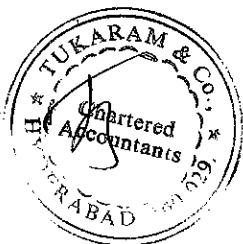
The Hon'ble High Court vide its interim order dt. 28-07-2009 Ordered as follows:-

a) Directed issue of notice to the GoAP herein to show cause why this writ petition should not be admitted in the circumstances set out in the petition and the affidavit filed in Writ Petition. The Principal Secretary and Hyderabad Metro Rail Limited are directed to show cause on or before 11-08-2009 to which date the case stands posted as to why in the circumstances set out in the petition and the affidavit filed therewith this writ petition should not be admitted.

b) In the meanwhile, status quo obtaining as on today with regard to the impugned termination order dated 07-07-2009 shall be maintained. However, this shall not preclude the respondents to proceed with the Notification dated 16-07-2009 inviting applications for Request for Qualification (RFQ) subject to further orders by this Court.

Subsequently, GoAP filed its Counter praying High Court to dismiss the Writ Petition and pass such other order or orders. MML has filed the writ petition with an interlocutory Application No. 18023/2010, whereby it has been prayed to the court that due to change in the economic scenario, the aforesaid contract entered by MML has been frustrated and therefore could not be executed. Therefore, the amounts paid by MML towards bid security and additional concessional fees should be refunded to it.

The GoAP filed its counter and after hearing the arguments of both parties, the Hon'ble High Court of A.P. has disposed of the W.P with a direction to settle their claims as per the procedure laid down in the Concession Agreement.



As per the aforesaid order, MML invoked the remedy available as per the concession agreement i.e. arbitration, and accordingly sent letter dated 16.04.2012 appointing arbitrator on behalf of MML and requesting GoAP (Municipal Administration & Urban Development Dept.) to appoint their choice of arbitrator.

Subsequent reminders were sent to GoAP for appointment of arbitrator from their end. Principal Secretary to Government (UD) vide letter dated 22.04.2013 informed that Govt. have initiated action and requested Advocate General, High Court of AP to suggest a suitable person to be appointed as arbitrator. Subsequently reminder letter dated 09.05.2013 has been addressed to Principal Secretary to Government by MML for speeding up of process for adjudication by arbitration.

MML had filed application under section 11 of the A&C Act, 1996 vide ARBAPPL 78/2013 for the appointment of arbitrator on behalf of GoAP. Counter by GoAP and rejoinder thereto by MML has been filed. GoAP on 14.03.2014 represented about SLP filed by it before Supreme Court challenging order dated 24.01.2014 wherein the Court had directed GoAP to appoint arbitrator in its behalf. The SLP got dismissed. Upon hearing on 14.03.2014, the AP High Court disposed case with a direction that the arbitrator appointed by MML will be the Sole Arbitrator, if GoAP fails to appoint their Arbitrator within a week from 14.03.2014. Pursuant to the said orders, GoAP appointed the arbitrator on its behalf.

Both the arbitrators have appointed the presiding arbitrator. The tribunal has fixed preliminary meeting on 12.03.2015

Subsequently Govt. of Telanagana through advocate general filed review petition before Honorable High court against the orders passed in writ petition 15124/2009

On 24.04.2015 the review was heard at length and passed an order to restored the Writ petition 15124/09 to hear all the contentions raised both the parties

Company proposed to file an appeal against review order before division bench of AP, High court

Since the matter is under subjudice and the company is pursuing the matter seriously all the assets and liabilities are continued. If the matter is decided against the company, the company would not be able to recover Rs 71 crs. from the Govt. of AP/Telangana.

2. Statement of Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention

b. Use of Estimates

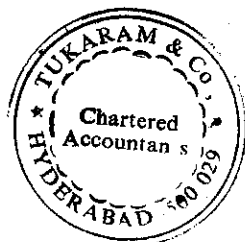
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Income taxes

Current fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

d. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



7. Capital Commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account: as at March 31, 2015 – Rs. Nil; Previous year – Rs. Nil.

8. Contingent liabilities not provided for: as at March 31, 2015 – Rs. Nil; Previous year – Rs. Nil.

9. Related Party Transactions

The Company had following transactions with related parties during the year.

	2014-15	2013-14
Holding Company – IL&FS Engineering and construction Company Limited (formerly known as Maytas Infra Ltd)		
- Equity Share Capital	(0.05)	(0.05)
- Balance outstanding Debit/(Credit)	(74.88)	(74.88)

10. Expenditure in foreign currency (On cash basis) – Nil; Previous year – Nil.

11. *The company has transferred all the expenditure like Concession fee, Administrative Expenditure, Pre-bid Expenses, Preliminary Expenses to the Capital Work-in-Progress.*

12. *The Company has transferred all the Fixed Assets to Capital Work in Progress as the assets are not in existence.*

13. *An amount of Rs.74.88 was paid by the IL&FS Engineering and Construction Company Limited (IECCL) (Formerly known as Maytas Infra Limited) to GoAP towards Bid security, concession fee and other project expenses on behalf of the company.*

14. The Company has not started its operations during the year and hence Profit & Loss Account is not prepared.

15. **Remuneration to Auditors:** Audit Fees (Incl. Serv. Tax) Rs. 11,236 (Absolute amount); previous year Rs. 56,180 (Absolute amount).

16. Based on the information available with the Company no amounts are payable to enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006.

17. *The company has not accounted dues, if any, under certain agreements/contracts pending ascertainment of services rendered/value received.*

18. During the year the Company has not made provision for Current Income Tax as the Company does not have taxable income.

19. Paise have been rounded off to the nearest rupee.

20. Previous year figures have been regrouped / rearranged to conform to those of current year.

As per our report of even date

for **Tukaram & Co.**

Chartered Accountants

Firm Reg. No. : 0044368


J. Poorna Chandar

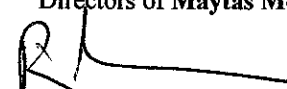
Partner


Membership No. : 22162

Place: Hyderabad

Date:

for and on behalf of the Board of
Directors of **Maytas Metro Limited**


Rajeev Khanna
Director


Mukesh Sharma
Director

